



Engine Remanufacturer Meets Growing Demand with Reverse Logistics Best Practices

Highlights



- Cut cycle time by 2 days
- Delivered a seamless operational transition with minimal disruption
- Boosted labor productivity by 42%
- Reduced logistics costs and improved inventory visibility
- Increased overall throughput by more than 35%; key processing lines by as much as 105%
- Instituted Gemba Kaizen, 5s and pull manufacturing leading practices
- Established a Foreign Trade Zone (FTZ) in under 45 days

The Challenge: As companies respond to challenging economic conditions, mounting resource constraints and pressure to adopt sustainability initiatives, remanufactured products are gaining traction in the marketplace. For a Fortune 500 engine and component manufacturer with one of the world’s largest remanufacturing operations, those market dynamics hold both opportunity and risk.

Demand for its remanufactured products is healthy and growing – but the company struggled to meet increasing customer needs without exceptional supply chain execution and logistics management capabilities. To serve a global customer base that includes leading automotive original equipment manufacturers (OEMs), the client has developed sophisticated remanufacturing capabilities that include the ability to “up-cycle” remanufactured products with design and quality upgrades. These complex processes, however, require a highly flexible workforce, an agile supply chain operating model and relentless focus on continuous improvement.

Leadership of the client’s remanufacturing division recognized an urgent need to ramp-up capacity, increase throughput, better balance material availability, drive operational efficiencies and implement leading practices in their North American supply chain operations.

The Approach: Division management decided to look beyond their organization for help – they turned to Spinnaker, finding a supply chain and logistics partner that was able to help on all counts. In just weeks, a Spinnaker team assumed management of production and warehouse operations in the southeastern United States. The 440,000 square foot production and storage facility processes between 1½ - 2 million pieces of CORE per year – that’s an average of more than 30,000 pieces each week.

The Spinnaker team partnered with client leadership to refine service delivery responsibilities, evaluate required infrastructure, define the desired future-state operating model and create the roadmap to get there. To begin bringing the site up to its potential, the Spinnaker team compared current state operations to leading practices and developed a 30-60-90 day plan that helped to manage strategic change and balance risk.

The Solution: Today, the client relies on Spinnaker to operate its facility, provide warehousing and distribution services, and manage a variety of supply chain management functions. Spinnaker provides a broad set of services for the production facility that include governance; quality control, auditing and reporting; supplier relationship management; and even administers the Foreign Trade Zone (FTZ) to manage critical import-export compliance functions. Spinnaker also provided facility layout and design services, to ensure optimal materials flow and capital equipment deployment.

Warehousing and logistics services provided by Spinnaker include receiving, inspection and staging; engine and component sort functions; testing and asset recovery; material storage and inventory management (put-away, inventory accuracy and scrap); picking, packing and shipping (for both domestic and international); as well as order kitting, transportation planning and load optimization.

Additionally, Spinnaker holds the critical role of labor management for the site; balancing full-time and temporary staff levels to efficiently, yet cost effectively process materials. Recruiting and training initiatives have boosted workforce capability and reinforce a strong culture of continuous improvement, safety, quality, and efficiency.

While enhanced operating metrics and employee key performance indicators (KPIs) help to drive advancements in labor performance.

The Results: Spinnaker has helped this engine and components remanufacturer implement transformational initiatives that improve client decision making, focus on the right goals and next steps, as well as set a clear path on how to get there quickly.

Continuous improvement efforts have netted more than \$1 million in operational savings in a matter of months. Cross-training initiatives have been successful, increasing labor flexibility by 30% and cutting premium labor hours by more than two thirds. A new quality program virtually eliminated product line variances and cut material damage in half. Lean manufacturing

concepts have helped streamline warranty functions to cut processing intervals by 67% while simultaneously more than doubling throughput.

The client sees further expansion of its remanufacturing expertise and operational capability as an important driver in their attainment of strategic business goals. This client has entrusted Spinnaker to help them better manage their remanufacturing operations, remain competitive and consistently deliver improved results.

About Spinnaker: Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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